

January 1, 2012

To: Tahoe Forest Hospital District Board of Directors

From: Dale Chamblin, Chairman
Measure C Citizens Oversight Committee

Subject: Annual Report

This annual report is submitted as part of the Measure C Citizens Oversight Committee (COC) compliance with bylaws established by the District Board. The COC, according to the bylaws, shall provide to the TFHD Board in public session, an annual written report which shall contain the following:

- A statement indicating whether the District is in compliance with the letter and intent of Measure C; and
- A summary of the Committee's proceedings and activities for the preceding year.

The COC began 2011 with Paul Kucharski as chairman, however; in mid-year, he moved to Auburn and was no longer able to serve on the committee. As vice-chairman, I took over the leadership role in August, and have been elected to serve as chairman for 2012. Gerald Herrick will serve as co-chair.

The COC added two new members this year, Christy Curtis and Alyssa Westenburg, for current total of 12 members. 5 members had terms expire in November, 2011; however, all requested and were voted to successive 2 year terms. In addition to the detailed new member orientation session, our new members along with many of the rest of our group, attended a review of the construction management procedures put on by Mike Geney and Rick McConn.

We continue to value the importance of having two members of the hospital board attend our COC meetings. Roger Kahn and John Mohun are often able to answer any questions as they arise.

During the year the COC sought the services of AF Consultants to review the scope of our work and to ensure that we were doing all reasonable and possible in our fiduciary responsibility to the community. The simple answer to our questions was, "Yes" ...we are doing as much or more than other COC's in similarly sized projects known to this consultant, with one exception. He did suggest that, "As the 'watchdog' for the community we recommended that the COC provide an annual report which is more graphic and pictorial in nature for

dissemination to the public as a public relations tool." Our communications committee, led by Paul Leyton, will be working on this issue in the coming year.

We have decided that the fiduciary responsibility of our group can be best accomplished with a shift in our work format from a monthly to a quarterly meeting of the COC, while increasing our participation in the district strategic planning and finance sessions. During 2012, it is our intention to have our COC members attend these meetings and make a report of these activities at the quarterly COC meeting.

The COC continues to believe that the district is in compliance with the letter and intent of Measure C, and we base that belief on the detailed oversight that has taken place over the last year.

Such oversight includes the work of our finance sub-committee, ably chaired by Sherrin Fielder, which meets monthly to review the then-current Schedule of Values for projects and selected invoices with Rick McConn. Rick is frequently asked to provide back-up documentation for large invoices, invoices from unrecognized vendors, plus a random selection of all invoices, and although Rick is often able to answer questions posed at each meeting, Sherrin has developed a detailed tracking system for insuring that answers are eventually provided for all inquiries. Sherrin has been assisted this last year by COC members Gary Boxeth, Andrea Baltzegar, Larry Mace and Gerald Herrick, however, all COC members were encouraged and did occasionally attend a meeting of this group to provide some fresh thinking and to keep them apprised of this important work.

In summary, the COC finds in its analysis of financial and project management work that the TFHD continues to advance successfully towards its Measure C goal to "maintain a full service hospital in our community; expand and enhance the Emergency Room to ensure access to lifesaving care; maintain critical medical services, including pediatrics, maternity, long term care for seniors and cancer care; and upgrade the facilities that are outdated and/or do not meet state mandated earthquake safety standards.."

Respectfully submitted,

Dale Chamblin,
Chairman

cc: COC members